

**A Cursory Examination of Education Finance Formulas,
Revenue Components, and Flexible Expenditure Possibilities:
A Presentation to the Texas Joint Committee to Study the Public
School Finance System
July 2012**

Anthony Rolle, Ph.D.

*Professor and Chair, Dept of Educational Leadership & Policy Studies
University of South Florida*

Exhibit 4.4 Restrictions on Raising Revenue (2008-09)

	State allows districts to generate revenue from private contributions	State caps or limits education revenue from public sources				
		Property-tax rate	Increase in property-tax rate	Property-tax revenue	Increase in property-tax revenue	Other
Alabama	Yes	Yes*				
Alaska	Yes					Yes
Arizona	Yes					Yes*
Arkansas	Yes				Yes	
California	Yes	Yes*			Yes*	
Colorado	Yes	Yes*			Yes*	
Connecticut	Yes					
Delaware	Yes					
District of Columbia	Yes					
Florida	Yes	Yes*				
Georgia	Yes	Yes*				
Hawaii	Yes					
Idaho	Yes					
Illinois	Yes				Yes*	
Indiana	Yes	Yes				Yes
Iowa	Yes					
Kansas	Yes			Yes		
Kentucky	Yes	Yes			Yes*	Yes
Louisiana	Yes	Yes				Yes*
Maine	Yes					
Maryland	Yes					
Massachusetts	Yes					Yes*
Michigan	Yes	Yes*	Yes*		Yes	Yes
Minnesota	Yes			Yes*		
Mississippi	Yes	Yes*				
Missouri	Yes					
Montana	Yes					
Nebraska	Yes	Yes*				
Nevada	Yes	Yes	Yes*			
New Hampshire	Yes					
New Jersey	Yes					Yes*
New Mexico	Yes	Yes				
New York	Yes					
North Carolina	Yes					
North Dakota	Yes					Yes*
Ohio	Yes				Yes	
Oklahoma	Yes					Yes*
Oregon	Yes	Yes			Yes	
Pennsylvania	Yes					Yes*
Rhode Island	Yes		Yes*			
South Carolina	Yes		Yes*			
South Dakota	Yes	Yes*				
Tennessee	Yes					
Texas	Yes	Yes*			Yes	
Utah	Yes	Yes*				
Vermont	Yes					
Virginia	Yes	Yes				
Washington	Yes	Yes*				
West Virginia	Yes	Yes*			Yes	
Wisconsin	Yes					Yes*
Wyoming	Yes	Yes				
U.S.	51	21	4	2	10	12

An asterisk (*) indicates that local voters can override limits or caps.

SOURCE: EPE Research Center, 2009

Exhibit 4.2 Sources of State Revenue — Taxes

	Percent of state tax revenue dedicated specifically to education (FY 2008)					
	Sales	Gaming	Tobacco/cigarettes	Alcohol/liquor	Income	Other
Alabama	85%			40%	98%	Yes
Alaska						
Arizona	0.6%	56%				
Arkansas	28.72%					
California						
Colorado					0.33%	
Connecticut						
Delaware						
District of Columbia						
Florida		100%				Yes
Georgia						
Hawaii						Yes
Idaho			9.07%			
Illinois						
Indiana						
Iowa	16.67%	approx. 5%				Yes
Kansas						
Kentucky						
Louisiana		6.3%				
Maine						
Maryland						
Massachusetts	1%					
Michigan	60%	45% ¹	cigarette: 83.24¢/pack; tobacco: 94.0%	100%	23.26%	Yes
Minnesota						
Mississippi	14.29%					
Missouri	23.7%	90%	76.47%			
Montana						
Nebraska						
Nevada	34.62%					
New Hampshire						Yes
New Jersey						Yes
New Mexico						
New York						
North Carolina						
North Dakota						Yes
Ohio						Yes
Oklahoma	10.46%	88%	2.07%		16.5%	Yes
Oregon						
Pennsylvania		34%				
Rhode Island		Up to \$14.1 mill				
South Carolina						
South Dakota		49.5%	33% after \$30 mill			
Tennessee	100% ²		96.4%			Yes
Texas			25%			Yes
Utah				10%	48.3%	
Vermont	33.33%					Yes
Virginia	31.25%					
Washington			71.5%			Yes
West Virginia	3.2%					Yes
Wisconsin						
Wyoming						
U.S.	14	10	8	3	5	15

FOOTNOTES:

1. If a city exercises options in Michigan Compiled Law 432.212(4), 100 percent of the 8.1 percent tax revenue is dedicated to education.
2. One hundred percent of all revenue generated from an 0.5 percent increase in sales tax is earmarked for K-12 education.

SOURCE: EPE Research Center, 2009

Exhibit 2.2 Types of School-Funding Formulas

	State Funding Mechanisms 2008-09 (May be used in combination)						
	Foundation	Foundation level per pupil	Equalization	Local-effort equalization	Flat grant	Full state funding	Other
Alabama	Yes	staff-based funding		Yes			
Alaska	Yes	\$5,380 ¹		Yes			
Arizona		—	Yes	Yes			
Arkansas	Yes	\$5,789		Yes			
California	Yes	varies by school district					
Colorado	Yes	\$5,270	Yes				
Connecticut	Yes	\$9,678	Yes				
Delaware		—	Yes		Yes		
District of Columbia	Yes	\$8,322					
Florida	Yes	\$3,972	Yes	Yes			
Georgia	Yes	\$2,699	Yes	Yes			
Hawaii		—				Yes	
Idaho		—				Yes	
Illinois	Yes	\$5,734			Yes		
Indiana	Yes	\$4,825 ²		Yes			
Iowa	Yes	\$5,333					
Kansas		—	Yes	Yes			
Kentucky	Yes	\$3,866		Yes	Yes		
Louisiana	Yes	\$3,855	Yes				
Maine	Yes	varies by school district		Yes			
Maryland	Yes	\$6,694	Yes	Yes			
Massachusetts	Yes	varies by school district					
Michigan	Yes	\$8,489					
Minnesota	Yes	\$5,124					
Mississippi	Yes	\$4,574		Yes			
Missouri	Yes	varies by school district		Yes			
Montana	Yes	varies by school district	Yes		Yes		
Nebraska		—	Yes				
Nevada	Yes	\$5,213					
New Hampshire	Yes	\$7,607	Yes				
New Jersey	Yes	varies by school level	Yes				grant
New Mexico		—	Yes				
New York	Yes	\$5,695	Yes				
North Carolina	Yes	staff-based funding					
North Dakota		—		Yes			
Ohio	Yes	\$5,565	Yes				
Oklahoma	Yes	\$1,721	Yes				
Oregon	Yes	\$5,850	Yes	Yes			
Pennsylvania	Yes	\$8,355	Yes	Yes			
Rhode Island		—					general aid
South Carolina	Yes	\$2,476		Yes			grant
South Dakota	Yes	\$4,642 ³					
Tennessee		—	Yes				
Texas	Yes	\$3,135		Yes			
Utah	Yes	\$2,577					
Vermont		—				Yes	
Virginia	Yes	staff-based funding	Yes	Yes	Yes	Yes	
Washington		—		Yes		Yes	
West Virginia	Yes	varies by school district		Yes			
Wisconsin		—		Yes			
Wyoming	Yes	varies by school district					
U.S.	38	—	22	22	5	5	3

A dash (—) indicates not applicable.

FOOTNOTES:

1. Data are from FY 2009.
2. Data are from calendar year 2009.
3. An additional \$22.64 per student is available if a district is able to certify at least a 3 percent increase in teacher salaries from the previous year.

SOURCE: EPE Research Center, 2009

Exhibit 3.4 State Categorical Funding by Area

State has categorical program in the following areas (FY 2008) ¹								
	Special education	Transportation	Capital and debt service	Technology	Gifted and talented education	Bilingual education/English-language learners	Teacher retirement and benefits	Compensatory education
Alabama	Yes	Yes	Yes	Yes	Yes	Yes		
Alaska		Yes	Yes					
Arizona	Yes		Yes		Yes	Yes		
Arkansas	Yes		Yes	Yes		Yes	Yes	Yes
California	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Colorado	Yes	Yes			Yes	Yes		
Connecticut	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Delaware	Yes	Yes	Yes	Yes	Yes	Yes		Yes
District of Columbia		Yes	Yes				Yes	
Florida	Yes	Yes			Yes			
Georgia	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Hawaii	Yes			Yes			Yes	
Idaho	Yes	Yes	Yes	Yes	Yes	Yes		
Illinois	Yes	Yes		Yes	Yes	Yes		Yes
Indiana				Yes	Yes	Yes	Yes	
Iowa	Yes	Yes		Yes	Yes			Yes
Kansas	Yes		Yes				Yes	
Kentucky	Yes		Yes	Yes	Yes		Yes	Yes
Louisiana	Yes			Yes				
Maine							Yes	
Maryland	Yes	Yes			Yes		Yes	
Massachusetts	Yes	Yes	Yes		Yes			
Michigan	Yes	Yes			Yes	Yes		Yes
Minnesota	Yes	Yes	Yes	Yes				
Mississippi	Yes	Yes	Yes		Yes			
Missouri		Yes						
Montana		Yes	Yes		Yes		Yes	
Nebraska	Yes			Yes	Yes			
Nevada	Yes			Yes	Yes			
New Hampshire	Yes	Yes	Yes				Yes	Yes
New Jersey	Yes	Yes	Yes				Yes	
New Mexico		Yes		Yes				
New York	Yes	Yes	Yes	Yes		Yes		
North Carolina	Yes	Yes		Yes	Yes	Yes		
North Dakota	Yes				Yes			
Ohio		Yes	Yes	Yes	Yes	Yes		Yes
Oklahoma	Yes			Yes			Yes	
Oregon	Yes	Yes	Yes		Yes			Yes
Pennsylvania	Yes	Yes	Yes	Yes	Yes		Yes	Yes
Rhode Island			Yes	Yes		Yes		
South Carolina	Yes			Yes	Yes		Yes	Yes
South Dakota	Yes			Yes				
Tennessee								
Texas			Yes					
Utah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Vermont	Yes	Yes	Yes	Yes				
Virginia	Yes		Yes	Yes				Yes
Washington	Yes	Yes	Yes		Yes	Yes		Yes
West Virginia	Yes	Yes	Yes	Yes		Yes	Yes	
Wisconsin	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Wyoming								
U.S.	39	32	30	30	28	20	18	17

FOOTNOTE:

1. In some states it was not possible to distinguish between targeted funding mechanisms based on a weight/adjustment versus a categorical allotment. State funding practices were classified based on available information. See Exhibits 2.1 and 2.2 for information on weights and adjustments.

SOURCE: EPE Research Center, 2009

Exhibit 3.2 District or School Weights and Adjustments

State uses a weight or adjustment in its school finance formula to allocate additional funds based on district or school characteristics (2008-09) ¹						
	Size	Location	Cost adjustment	Teacher education or experience	Academic performance	Other
Alabama ²	Yes					
Alaska	Yes		Yes			
Arizona	Yes	Yes		Yes		
Arkansas						
California	Yes					
Colorado	Yes		Yes			
Connecticut		Yes				
Delaware						
District of Columbia						
Florida	Yes	Yes	Yes			Yes
Georgia						
Hawaii	Yes	Yes				Yes
Idaho ²	Yes	Yes				
Illinois						
Indiana	Yes					Yes
Iowa						Yes
Kansas	Yes		Yes			Yes
Kentucky						Yes
Louisiana	Yes					
Maine	Yes	Yes	Yes			Yes
Maryland			Yes			
Massachusetts			Yes			
Michigan						
Minnesota	Yes	Yes		Yes		Yes
Mississippi						Yes
Missouri	Yes		Yes			
Montana						Yes
Nebraska	Yes			Yes		Yes
Nevada		Yes				Yes
New Hampshire						
New Jersey			Yes			
New Mexico	Yes			Yes		Yes
New York			Yes			
North Carolina ²	Yes*	Yes*				
North Dakota	Yes	Yes				
Ohio				Yes	Yes*	Yes
Oklahoma	Yes	Yes		Yes		
Oregon	Yes	Yes		Yes		
Pennsylvania	Yes		Yes			
Rhode Island					Yes*	
South Carolina					Yes*	
South Dakota	Yes	Yes				Yes
Tennessee ²	Yes		Yes			Yes
Texas	Yes	Yes	Yes			Yes
Utah	Yes	Yes		Yes		
Vermont						
Virginia ²	Yes		Yes		Yes*	
Washington ²	Yes	Yes				Yes
West Virginia	Yes	Yes				
Wisconsin						
Wyoming ²	Yes		Yes			Yes
U.S.	29	18	15	8	4	19

An asterisk (*) indicates that resulting funds are restricted and may only be used for educational purposes related to the group or unit generating the funds.

FOOTNOTES:

1. In some states it was not possible to distinguish between targeted funding mechanisms based on a weight/adjustment versus a categorical allotment. State funding practices were classified based on available information. See Exhibit 2.4 for information on categorical programs.

2. Based on staff allocation

SOURCE: EPE Research Center, 2009

Exhibit 3.1 Student-Based Weights and Adjustments

	State uses a weight or adjustment in its school finance formula to allocate additional funds based on student characteristics (2008-09) ¹						
	Disability status	English-language learners	Low income	Grade level	Career and technical education	Academically at-risk	Other
Alabama ²	Yes		Yes*	Yes	Yes	Yes*	
Alaska	Yes	Yes			Yes		Yes
Arizona	Yes	Yes		Yes			
Arkansas							
California							
Colorado		Yes*	Yes				
Connecticut		Yes*	Yes				
Delaware	Yes			Yes	Yes		
District of Columbia	Yes	Yes		Yes		Yes	Yes
Florida	Yes	Yes		Yes	Yes		Yes
Georgia	Yes	Yes		Yes	Yes	Yes	Yes
Hawaii		Yes	Yes	Yes			Yes
Idaho ²	Yes			Yes			
Illinois							
Indiana	Yes		Yes	Yes*	Yes		Yes
Iowa	Yes	Yes	Yes				Yes
Kansas		Yes*	Yes*		Yes*	Yes*	Yes
Kentucky	Yes	Yes	Yes				
Louisiana	Yes	Yes	Yes		Yes		Yes
Maine	Yes	Yes	Yes	Yes	Yes*		
Maryland	Yes	Yes	Yes				
Massachusetts	Yes	Yes	Yes	Yes	Yes		
Michigan							
Minnesota		Yes*	Yes*	Yes			Yes
Mississippi			Yes*				
Missouri	Yes	Yes	Yes				
Montana	Yes		Yes	Yes			Yes
Nebraska	Yes*	Yes	Yes	Yes			Yes
Nevada	Yes*						
New Hampshire	Yes	Yes	Yes				
New Jersey	Yes	Yes	Yes	Yes	Yes		
New Mexico	Yes	Yes	Yes	Yes			Yes
New York	Yes	Yes	Yes				Yes
North Carolina ²							
North Dakota	Yes	Yes					Yes
Ohio	Yes*	Yes*	Yes*		Yes*	Yes*	Yes
Oklahoma	Yes	Yes	Yes	Yes			Yes
Oregon	Yes	Yes	Yes	Yes			Yes
Pennsylvania		Yes	Yes				
Rhode Island		Yes*	Yes*	Yes*	Yes*		Yes
South Carolina	Yes			Yes	Yes		
South Dakota	Yes*						
Tennessee ²	Yes	Yes	Yes	Yes	Yes		
Texas	Yes*	Yes*	Yes*		Yes*		Yes
Utah	Yes						
Vermont							
Virginia ²	Yes*	Yes*	Yes*	Yes*		Yes*	Yes
Washington ²				Yes	Yes		
West Virginia							
Wisconsin							
Wyoming ²	Yes	Yes	Yes	Yes	Yes		Yes
U.S.	34	32	30	24	18	6	22

An asterisk (*) indicates that resulting funds are restricted and may only be used for educational purposes related to the group or unit generating the funds.

FOOTNOTES:

1. In some states it was not possible to distinguish between targeted funding mechanisms based on a weight/adjustment versus a categorical allotment. State funding practices were classified based on available information. See Exhibit 2.4 for information on categorical programs.

2. Based on staff allocation.

SOURCE: EPE Research Center, 2009